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**ARIZONA CORPORATION COMMISSION****SANDRA D. KENNEDY**

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May 29, 2020

RE: IN THE MATTER OF THE APPLICATION OF ARIZONA PUBLIC SERVICE COMPANY FOR A HEARING TO DETERMINE THE FAIR VALUE OF THE UTILITY PROPERTY OF THE COMPANY FOR RATEMAKING PURPOSES, TO FIX A JUST AND REASONABLE RATE OF RETURN THEREON, TO APPROVE RATE SCHEDULES DESIGNED TO DEVELOP SUCH RETURN. (DOCKET NO. E-01345A-19-0236)

Chairman Burns and fellow Commissioners,

I want to thank Chairman Burns for his letter calling on this Commission to find a way to hold Arizona Public Service Company's ("APS") customers harmless. Here we now have a second consultant report telling us that APS' rates are too high. The report, filed by Staff Consultant Barbara Alexander on May 19, 2020, tells us in detail the many failures and shortcomings of the Customer Outreach and Education Plan ("COEP") and the resulting ratepayer confusion pertaining to the rate plans. The ratepayers have said this repeatedly. Consultants have said this repeatedly. When exactly do we start listening?

The COEP was supposedly a fundamental piece of APS' rate design change. It was the critical piece to an unprecedented shift of residential customers to demand rates and Time-of-Use rates. Three years later APS has spent \$5 million of ratepayer money on the COEP. And here we are, yet again, with a second report explaining exactly how that money was wasted including lack of metrics, lack of stakeholder input, and not a single notice of the risk to ratepayers. I'd say that is a clear failure of the program and a demonstration of APS' lack of compliance with the decision that granted them the rate increase.

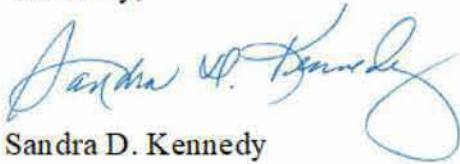
In 1962, 758 residents of Superior, Arizona, signed a petition in opposition to an excessive water rate increase and sent it to the Governor. Then Governor Paul Fannin recognized this Commission's jurisdiction over rates and requested that the Arizona Corporation Commission ("ACC") consider the petition. It's baffling to me why a governor in 1962 can request the ACC to review an egregious rate increase but this same Commission cannot do so of its own accord today, with the evidence we have before us. We know from the Champion case that APS is overearning. This Commission has known all along. Ms. Alexander's report provides helpful details and context but really, this information is nothing we haven't been given before. At every step, this Commission has found a way to put the brakes on protecting the ratepayers. Why are we once again kicking the can down the road and allowing APS to continue over-earning rather than putting the brakes on it RIGHT NOW.

The failed COEP is not the only issue that came out of the 2017 APS rate case. APS used an entirely new formula for its rate design in 2017. The use of a new rate formula makes it impossible

to go back to previous rate cases to compare data. At the time of the rate case APS failed to properly communicate the new formula to staff. Was this obfuscation of rates and formulas was done deliberately?

I appreciate Chairman Burns giving APS *yet another* opportunity to come in and explain themselves. But at what point do we stop listening to the fabrications and look at the evidence before us? APS' continued over-earning on the backs of ratepayers needs to stop. It is past time to hold APS customers harmless. The stakes are too high for ratepayers to delay any action. I call on my fellow Commissioners to do the right thing during the June Open Meeting and reopen the 2017 rate case as I have previously requested on numerous occasions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sandra D. Kennedy", with a large, stylized loop at the end.

Sandra D. Kennedy
Commissioner

On this 29th day of May, 2020, the foregoing document was filed with Docket Control as a Correspondence from Commissioner, and copies of the foregoing were mailed on behalf of Sandra D. Kennedy, Commissioner – A.C.C. to the following who have not consented to email service. On this date or as soon as possible thereafter, the Commission's eDocket program will automatically email a link to the foregoing to the following who have consented to email service.

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By: _____
Nanisha Ross
Executive Assistant